

October 19, 2005

FDIC - San Francisco Regional Office  
Regional Director John F. Carter  
25 Jessie Street at Ecker Square, Suite 2500  
San Francisco, California 94105

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RE: Wal-Mart's FDIC Application

Dear Director Carter:

Let's see...so other banks don't want Wal-Mart "in the business".

This is, in fact, not because Wal-Mart is in the commerce(etail)field.  
It is in fact, a case of sour grapes. Jealousy, envy and a fear of losing business to Walmart.  
There is also a fear that once into banking, Wal-Mart will expand and dominate the market.

Yes, some local banks may go out of business. Maybe your local bank?

Some of them should. Just as when Wal-Mart come into our area almost 30 years ago, some of our local pharmacies went out of business. Why? Their prices were too high. Some of the local hardware stores also disappeared. Again, their prices were exorbitant. What, I should support "mom and pop" operations just because there is this nostalgic little-store-on-the -corner kind of mentality? Then again, there are plenty of huge banking operations that don't want the competition from Wal-Mart.

I think this antipathy to Walmart is possibly because there is also a tendency for some people to equate "goodness" with "smallness". A psychological alliance to the Jeffersonian premise that rural is inherently better than urban. I don't think it is the responsibility of the FDIC to "save" our little, inefficient, consumer price-gouging stores. Or to save our little farm towns that are dying and have been dying for decades now.

If anybody is worried about financial stability and Wal-Mart being in the banking field, think of this:

How would Wal-Mart somehow "go broke" when their current base is retailing, with an emphasis on staple goods that everybody can use? This is not a speculative company. They would not have to depend on banking because their retail base is enormous. And likewise, a retail base is certainly a good buffer against bad times in banking. Of course, Sears and Kmart aren't doing that well. They also are not delivering what the consumer wants. If they did, they would be doing better. Walmart deals in staple merchandise and everybody(including me)is their customer.

Certainly Wal-Mart has driven other businesses out. And they will continue to do so. They are more efficient and they have what people want. Supply, demand, price, inventory control, efficient retailing. Satisfy the customer.

Durr 21  
(Pravni)